The Crisis in Student Loans!

Or Not
Student Loans

Oh No!
Student Loans

FEDERAL LOANS

PRIVATE LOANS
Student Loans

FEDERAL LOANS
76%

For Profit
Not For Profit
24%
Student Loans

FEDERAL LOANS

76%

For Profit

Not For Profit

24%
Federal Student Loans

Bank Based (FFEL)

Direct Federal (FDSP)
Federal Student Loans

Bank Based (FFEL)

2/3-3/4

Dual Concerns
Subsidy cuts
Liquidity problems

Direct Federal (FDSLCP)

1/4-1/3
Federal Student Loans

Bank Based (FFEL)
2/3-3/4

12%

Direct Federal (FDSLP)
1/4-1/3
Federal Student Loans

Bank Based (FFEL)
New Tools:
- GAs As LLRs
- Direct Lending as Secondary Market

12%

Direct Federal (FDSLP)
Federal Student Loans

Bank Based (FFEL)

New Tools:
- GAs As LLRs
- Direct Lending as Secondary Market

12%

Direct Federal (FDSLFP)
Federal Student Loans

Bank Based (FFEL)
New Tools:
GAs As LLRs
Direct Lending as Secondary Market

12%

Direct Federal (FDSL)
Federal Student Loans

Bank Based (FFEL)

New Tools:
- GAs As LLRs
- Direct Lending as Secondary Market

12%

Direct Federal (FDSLSP)
In sum

- Private for profit loans will be greatly reduced.
  - Particularly for proprietary schools & community colleges
  - Not so much for law school and med students

- Non-federal non-profit loans
  - Short-term shortages due to limitations on credit markets
In sum

- Federal Loans
  - Some concern for lenders
  - Much less concern for borrowers

- So,
  - If program is for lenders, we have a problem
  - If program is for borrowers, we have some inconvenience, but not a big problem